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GROWTH MANAGEMENT

Survey and Analysis

By Susan Daley
for
The City of Livermore

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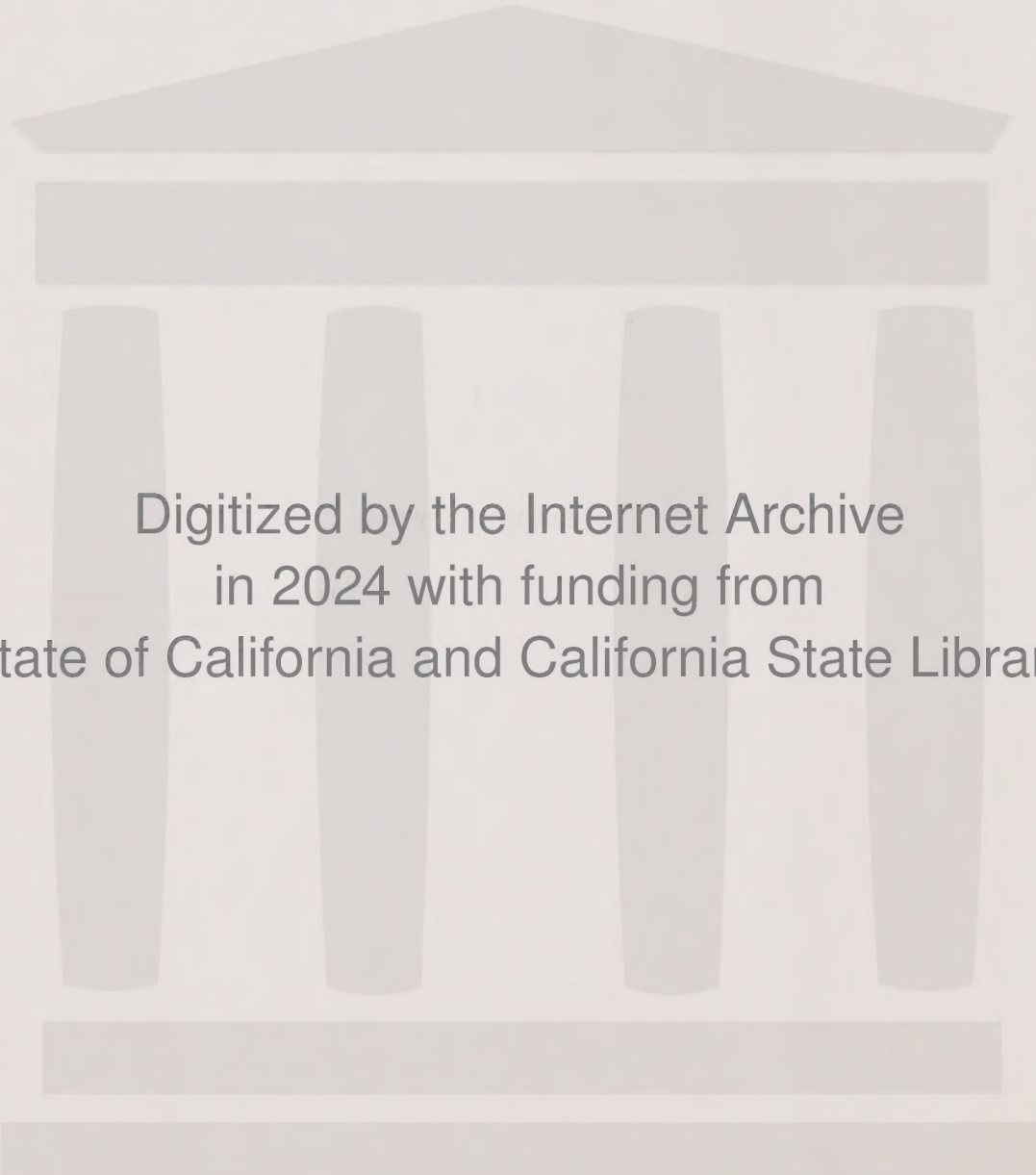
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INTRODUCTION



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A. PREFACE

Not long ago planners began to challenge the underpinnings of the American growth ethic, and specifically, unconstrained residential expansion. In response, many local communities have embarked on growth management which embodies the active implementation of measures to limit the magnitude and placement of new residents within their areas. And with increasing significance, citizens in California communities have mandated growth management through the initiative and referendum process.

Today, local jurisdictions are taking another look at growth management. Just as the latent impacts of unrestrained growth became visible, so now are the impacts of growth management. At a macroregional level, severe restrictions on growth call into question the appropriate level of local responsibility. Nevertheless, local communities face real fiscal and environmental constraints. And so, many localities are coming to realize that it is not simply a matter of limiting growth but of developing strategies to rationally accommodate it.

In the practice of growth management, three generic forms have been identified: controls which govern the amount of growth, land availability, and the location and adequacy of facilities servicing new growth.¹ The first form--controlling the amount of growth--involves the use of numerical restraints or quota systems. This control has a direct limiting effect. The other two forms of growth management affect growth indirectly. Controlling land availability minimizes the amount of developable land. With less land available for development, fewer inhabitants can be accommodated. Among the mechanisms which control land availability are:

- 1) open space acquisition;
- 2) exclusive agricultural or non-residential zones;
- 3) annexation policies; and
- 4) creation of urban service areas.

Location and adequate facility policy is another indirect means of regulating growth and is often tied to land availability controls. Clearly, a given area cannot grow if the necessary services to sustain the growth are not or cannot be provided. Other indirect methods aim toward these goals, but their approach varies.

¹ Lawrence B. Burrows, Growth Management - Issues, Techniques and Policy Implications (New Jersey: The Center for Urban Policy Research (1978) p. 45.

Today the issue of growth management has come to a major crossroads. Proposition 13 and grass-roots opposition to new construction mark the continuance of the non-growth ethic. At the same time, however, local jurisdictions are seriously evaluating their growth management practices for necessary changes. And so we see that the future of growth management is tenuous. The resurgence of pro-growth values seems likely to emanate from the current conservative trend sweeping the Nation. Nevertheless, diminishing environmental and fiscal resources pose real constraints on the ability of local governments to keep the doors to their communities open.

Clearly there are many salient issues which confront the management of growth; and so, local governments are responding to their unique problems with a variety of strategies and mechanisms.

B. PURPOSE:

The purpose of this study is to capture the response of local governments to the growth management issue. The intent of this study, therefore, is to present a clear representation of the status of growth management in local jurisdictions around Northern California. And so, this study aims at generating a sense of what's happening in the field of growth management today. To this end, the following concerns are addressed:

- 1) The methods of growth management being employed -
- 2) The implementing mechanisms used -
- 3) The recent changes and future developments in local growth management activity -
- 4) The forces precipitating these changes and developments;-
- 5) The issues impacting the practice of growth management today - ; and
- 6) The present growth situation of local jurisdictions.

C. SCOPE:

One of the major difficulties of this type of study is the need to make subtle distinctions in order to focus on the issue of interest; in this case, growth management. In terms of this survey analysis, it became necessary to distinguish between traditional planning practices and explicit or formal growth management. Traditional planning clearly contains growth impacting features. In the case of zoning, for example, the type, location and timing of development can be controlled. For the researcher, the distinction between traditional planning practices and growth management practices becomes a problem of judgement. This problem is further complicated by the lack of consensus among planners regarding the language and definition of growth management mechanisms.

For the purposes of this study, growth management was taken to encompass the more sophisticated, "second-generation" techniques. These include urban service areas and limit lines, growth cap rates, annual permit limitations and annexation policies concerned with adequate public facilities programming. Lawrence B. Burrows has defined growth management as "a program designed to 'control or influence the rate, amount, or geographical pattern of growth within one or more local jurisdictions.'" ²

In the course of this research, however, it was necessary to disregard any strict definition of growth management. At this early stage in the development of growth management, local jurisdictions are directly involved in the definition of what constitutes active growth control. In order to uncover the "state of the art" at this stage of development, it was necessary to allow localities to define their own practices. At some point in the course of this research, it became clear that formal growth management is taken to involve practices explicitly adopted for the purpose of restricting the timing, amount, or location of growth.

² Ibid, p. 5

D. METHODOLOGY:

The primary means for generating data were telephone interviews. Using an assortment of resources, local jurisdictions with known or possible growth management programs were identified.

1. Sources

The principal sources for identifying local jurisdictions and creating the sample used in this study were the following:

- ABAG - including the 1978 Regional Plan
- Office of Planning & Research - including
"THE GROWTH REVOLT: AFTERSHOCK OF PROPOSITION 13?"
- California League of Cities
- ASPO Publication dated 1974
- National League of Cities Publication:
"Managing Growth & Decline"
- Book by Lawrence B. Burrows - GROWTH MANAGEMENT
ISSUES, TECHNIQUES AND POLICY IMPLICATIONS

Several jurisdictions sent literature pertaining to their growth management systems, including:

- 1) Fairfield
- 2) Modesto
- 3) Morgan Hill
- 4) Napa County
- 5) Santa Cruz County
- 6) Pleasanton

2. Telephone Interview - Questionnaire

The primary means for generating data were telephone interviews. Using a questionnaire, planners were asked:

- 1) a. Whether their local jurisdiction has a growth management program (or policies) at present; and if so, what it consists of;
- b. If the program was recently repealed - why.

- 2) What significant changes they've made regarding their program in the past year or so, and the direction of future trends.
- 3) How their program is implemented; and
- 4) An assortment of questions about their present growth situation:
 - Density Requirements
 - Land Availability
 - Demand for Permits
 - Impacts of Program

Answers to these questions were recorded in a qualitative way. That is, there was no checklist instrument used.

3. Sample:

As previously noted, the sample was selected on the basis of any information, written or heard, which mentioned a particular local jurisdiction in connection with growth management. In addition, every County government in the Bay Area was contacted and questioned about its own policies and those of the cities within its boundaries.* Every lead was followed up, often requiring several calls to a particular jurisdiction.

* Except Sonoma County - on strike

The following is an inventory of the local jurisdictions contacted for this study:

- | | |
|------------------------|------------------------|
| 1) Alameda County | 21) Petaluma |
| 2) Atherton | 22) Pleasanton |
| 3) Belmont | 23) Portola Valley |
| 4) Clayton | 24) Sacramento |
| 5) Contra Costa County | 25) San Jose |
| 6) Cotati | 26) San Mateo County |
| 7) Davis | 27) Santa Clara County |
| 8) Dixon | 28) Santa Cruz |
| 9) Fairfield | 29) Santa Cruz County |
| 10) Foster City | 30) Santa Rosa |
| 11) Fremont | 31) Saratoga |
| 12) Gilroy | 32) Solano County |
| 13) Livermore | 33) South Lake Tahoe |
| 14) Marin | 34) Stockton |
| 15) Modesto | 35) Tracy |
| 16) Morgan Hill | 36) Tuolumne County |
| 17) Napa | 37) Union City |
| 18) Napa County | 38) Vacaville |
| 19) Novato | 39) Walnut Creek |
| 20) Pacifica | 40) Watsonville |

5. Advantages and Constraints

This methodology, consisting primarily of telephone interviews, was the least costly and time-consuming means for generating the kind of information desired for the purposes of this study.

Given sufficient time and funds, it might have been desirable to send each locality in Northern California a detailed survey. This survey could have included a complete list of growth management techniques for a checklist-type inventory of each jurisdiction's practices. This research method, however, runs contrary to the present state of the art of growth management.

At this point in time, growth management is only beginning to be articulated in any agreed upon, coherent fashion. Consequently, a meaningful study which captures the current state of the art must allow for some degree of self-definition and explanation. By using telephone interviews, in contrast to mailed surveys, more qualitative information was generated. In other words, the complex and tenuous nature of growth management was effectively illuminated through the personal interview process.

Perhaps more important was the particular well-suitedness of telephone interviewing to the purposes of this endeavor. Cities and counties, identified by a number of sources, could be contacted quickly and easily. Through these interviews, additional jurisdictions were identified and contacted. Information about changes, ongoing and future developments, problems, political activity and so on was readily obtained in these conversations. The questionnaire served as a basic framework for insuring information on certain key points of interest. Other information relating to this subject, however, was investigated and followed up on.

In a practical sense, the methodology used had several advantages. The process of identifying sources served to screen localities included within this study, thereby keeping the sample size manageable. The information-gathering stage, therefore, took less time than a mail-out survey, or in-person interviews.

Importantly, the information presented in this research report does not portend to be an exhaustive accounting of all Northern California localities in terms of all planning practices with growth management implications. Rather, this study has generated information of a more qualitative nature creating a more in-depth picture of what's going on in growth management.

II.

TABLE OF GROWTH MANAGEMENT METHODS

A. EXPLANATION

The Table of Growth Management Methods gives a graphic representation of growth management methods used by the sample jurisdictions. The categories used in the Table were created by information generated from interviews and an ASPO Table published in 1974. As a result, this Table does not represent a comprehensive inventory of every planning practice with growth management implications. Methods of growth management not reported by the sample jurisdictions are not included in the Table.

For the most part the methods included represent more sophisticated second-generation techniques. Clearly this is because they have a more explicit and direct effect on growth. Some traditional techniques were also included if the reporting jurisdictions indicated their use for controlling growth.

Following the Table is a thorough discussion of these methods as reported by the sample jurisdictions.

B. TABLE OF GROWTH MANAGEMENT METHODS

B. TABLE OF GROWTH MANAGEMENT METHODS		Belmont	Contra Costa Cnty.	Davis	Dixon	Fairfield	Gilroy	Marin County	Modesto	Morgan Hill	Napa	Napa County	Pacifica	Petaluma	Pleasanton	Sacramento	San Jose	San Mateo County	Santa Clara Cnty.	Santa Cruz	Santa Cruz County	Santa Rosa	Saratoga	Solano County	So. Lake Tahoe	Stockton	Tracy	Union City	Vacaville	Walnut Creek
1. Geographic Restraints																														
a. Urban and/or Rural Limit Lines; Service Areas and Boundaries or Priority Areas				x		x	x ⁱ	x ⁱ	x	x					x	x				x	x		x ⁱ		x		x		x	
2. Annexation Policies Including Timed and Conditional Boundary Adjustments and Servicing																														
a. Tied to Service Areas and/or Capacities	a					x	x ⁱ	x ⁱ	x ⁱ												x		x ⁱ						x	
b. Popular Vote Required Prior to Annexation	b							x																	x					
3. Exclusive Agricultural & Non-Residential Areas		x		x											x		x						x						x	
4. Public Improvements; Facilities & Exactions																														
a. Location of Facilities to Influence Growth	a			x																	x									
b. Developer Must Provide; Maintain or Pay For	b									x			x				x				x									
c. Service Fees	c					x								x	x															
d. Points in Evaluation System	d													x	x															
5. Restrictions Due to Environmentally Sensitive Areas Including Coastal Zones & Hillside Areas		x				x												x			x								x	
6. Inclusionary Housing Policies; Required Affordable Housing or Exemptions for Certain Types of Construction			x						x		x			x						x										
7. Numerical Restraints of Quota Systems	a																													
a. Population Growth Ceilings within General Plan			x				p		x	x											x									
b. Annual Population or Residential Growth Rate	b		x								x			x						x	x									
c. Annual Building Permit Limits																														
1) Type - a) Fair Share Allocation	a																				x									
b) Permanent Quota	b	x							x		x	x											x							
c) Annual Fixed Rate or Percentage	c		x		x	x	p ¹		r				x	x						x							x	r		
2) Implementation -																														
a) Competitive Point System	a	x	x		x			x	r		x	x	x							x									r	
b) Priority System	b																			x							x			
c) Lottery	c										x										x									
d) Evaluation System	d				x																									
d. Sewer Allocation Limits																														
1) Priority System	1																									x				
2) Random Selection	2																													
e. Regulation of Site Development Permits	e																		x											
8. Interim Development Controls Including Moratoria or Planning Pauses									x			x										x								

p - Used previously but currently inactive
r - Used previously but repealed

C. GROWTH MANAGEMENT METHODS: A CLOSER LOOK

1. Geographic Restraints - Urban and/or Rural Limit Lines; Service Areas and Boundaries; or Priority Areas:

Geographic restraints represent a new generation of techniques aimed at directing the location of growth. By channeling development rather than limiting it, geographic restraints are an indirect means of controlling growth. The scope of geographic strategies, therefore, is limited by an inability to time expansion. That is, the rate that population will be absorbed is left to market forces unless geographic strategies are coupled with techniques to phase and/or limit population levels.

a. Urban and/or Rural Limit Lines

Urban and rural limit lines are used to establish the geographical extent to which development is permissible. Limit lines are generally used, as in Napa, to protect agricultural land on the periphery of the city from premature residential development. Similarly, Santa Cruz County uses their urban services line to define areas which should be urban or rural. Stockton's urban limit line serves as a future growth boundary.

b. Service Areas and Boundaries

Urban service areas identify where growth should occur, and with a boundary line designate geographic areas amenable to growth. Some urban service lines identify areas where services are already provided; others designate areas of future service expansion. For many jurisdictions, therefore, urban service areas and boundary lines are the basis for coordinated planning of public services.

Santa Cruz County and Marin County are using these strategies in conjunction with their cities as part of intergovernmental efforts. Santa Cruz County is using its urban services line to ensure that development within the (USL) proceeds at a pace consistent with the provision of urban public services. Marin County has identified fourteen "hot spots" or urban service areas. These are areas which could easily be served by the cities.

Similarly, Solano County is negotiating growth lines and urban service areas with its cities. In effect, urban development will only be allowed within the incorporated portions of the County. The urban growth lines follow the cities' General Plan boundaries. Intergovernmental action is necessary because the County is not equipped to offer urban services.

Several other cities are also using this strategy. San Jose's urban service line and boundary define the parameter of developable land based on the provisions of urban services. Modesto has both a current and long-term sewer service boundary; Gilroy has a five-year urban service area. Sacramento is attempting to direct the location of growth by tying development to service capabilities and infrastructure provisions. These efforts have had the effect of restraining "leap-frog" development.

c. Priority Areas

Another geographic constraint involves identification of "priority areas". These are areas which are particularly well-suited for residential growth. Areas which are well-suited for growth are those with developable land available and which are easily serviceable.

Dixon's Growth Management Element, which supplements its General Plan, limits growth to (1) infill areas, and (2) areas with service capability. Infilling is the process of developing vacant sites within a developed area. Union City has also limited growth to within the urban corridor and, specifically, infill sites.

In the case of Walnut Creek, and presumably other jurisdictions as well, infilling has become the only possible growth alternative as vacant, developable land becomes harder to find. For many jurisdictions, infill policies are a means of eradicating the problem of leap-frog development. Walnut Creek is encouraging redevelopment within the core area. This includes commercial and residential development within infill areas. Builders are rehabilitating old homes and making necessary improvements for more intense residential and commercial uses.

For most jurisdictions using geographic restraints, the basic concern is to determine where a number of residential units can be built at a minimum of public cost. Santa Rosa's Development Management Plan was designed for just this purpose.

In many cases, however, including Marin County, a strong infill policy has tended to drive up land costs making building in these areas less economically feasible. Furthermore, landowners of infill areas have often held the land for a number of years. Developers, therefore, frequently run into problems persuading landowners to sell.

In general, local jurisdictions believe that geographic restraints make fiscal sense by dealing with the service resources that exist now. Moreover, the intent of each jurisdiction using a geographic restraint is to severely limit building outside the urban service area or growth boundary.

2. Annexation Policies - Including Timed and Conditional Boundary Adjustments and Servicing:

Annexation is a land division technique designed to facilitate the implementation of growth plans. Clearly, annexation policies are strengthened when aligned with other mechanisms.

a. Tied to Service Areas, Lines and/or Capacities

Unless jurisdictions using geographic restraints tie their designated areas to an annexation policy or some strict regulatory mechanism, implementation may be ineffective. Geographic restraints usually identify not only a locality's territorial limitations but also the extent of its available service resources. Thus, policies which regulate the statutory absorption of one area by another reflect the relationship between territory and resources. Most jurisdictions with annexation policies are empowered to accept or reject annexation on the basis of its potential impact. Specifically, communities are concerned with averting adverse burden on existing service resources.

The following case examples illustrate the different uses and variations of annexation policies to manage growth:

Solano County's designation of urban service areas is accompanied by an annexation policy which requires cities within the County to annex projects with urban densities.

In Gilroy, projects approved outside the defined urban service area must be added to it.

Santa Rosa's annexation policy essentially guides the phasing of development in conjunction with capital improvements.

Walnut Creek has had an annexation program in effect for the last two and one-half years to clean up its boundaries. To date, approximately 300 - 400 acres have been annexed.

Marin County's annexation program is attempting to make boundaries uniform across its eleven cities. This policy effectively puts a boundary around each city. By keeping urban densities within the cities, this policy is expected to produce more contained and manageable growth. The cities favor the policy because it gives them more local control. The major stumbling block now is to persuade the unincorporated areas to become part of the city.

Modesto's growth management program is primarily governed by utility extension and sewer capacity, consistent with the City's current and long-term sewer service boundary. The City will only annex where sewer service exists. Furthermore, a "gentleman's

agreement" exists to the effect that the County will not grant any new developments within the City's Sphere of Influence.

b. Popular Vote Required Prior to Annexation

A very recent phenomenon in the practice of growth management is the statutory requirement of a popular election prior to annexation or development. The Cities of Stockton and Modesto both have annexation policies affected by this requirement.

Stockton - In December of 1978, a citizen's petition was adopted in Stockton which requires a popular vote prior to any annexation or development in the City's north and west areas.

Modesto - In March of 1979, an initiative was passed in Modesto which requires an advisory election for the funding or approval of any sewer trunk extension which would permit development into the urban reserve area of the General Plan, and the City will only annex where sewer service exists.

3. Exclusive Agricultural and Non-Residential Areas:

In many respects, designation of exclusive agricultural and non-residential areas is an extension of traditional zoning practices. Mentioned by several localities, this technique is significant in its use for permanent population control. Outlying areas have been zoned for agricultural or open space use in order to inhibit premature urban development.

The following jurisdictions represent the uses and strategies of this growth control mechanism.

In Contra Costa County open spaces constitute nearly half of the County's 734 square miles.

For the City of Dixon growth can only occur in one direction because the land in the other direction is protected by the Williamson Act.

San Mateo County is preserving agricultural lands which account for approximately one-third of the County's land inventory.

Similarly, Solano County has a policy within its General Plan for preserving its agricultural lands. Much of the County is under the Williamson Act.

The City of Walnut Creek has used various land acquisition strategies, financed through bond issues, to purchase open space.

Sacramento protects agricultural acreage through designated permanent agricultural and agricultural reserve areas.

In sum, therefore, exclusive agricultural or non-residential areas constitute an indirect though effective growth mechanism. As the examples illustrate, municipalities generally use either zoning or public acquisition to implement this mechanism.

4. Public Improvements; Facilities and Exactions:

Given the fiscal burdens facing local jurisdictions, particularly since Proposition 13, localities are having greater difficulty furnishing infrastructure, services, and facilities necessary for residential growth. As a result, municipalities have developed several techniques for meeting these requirements with the effect of controlling growth. In many cases, these techniques are forcing developers, and hence, new home buyers to pay the full cost for their marginal impact on existing service resources and systems.

a. Location of Facilities to Influence Growth

The City of Dixon is fortunate to have services and facilities already present in the direction of growth. The City's growth management element while limiting growth to areas with available services has not needed an implementing mechanism. This is due to the location and excess capacity of its service resources.

Santa Rosa's development management plan is concerned with locating capital improvements in areas which can be efficiently served.

b. Developer Must Provide, Maintain, or Pay For

This particular technique is clearly an offspring of local actions taken to ease the impact of Proposition 13 on public coffers.

Restrictions within the City of Napa's General Plan translate into costly improvements for developers.

To mitigate the fiscal impact of Proposition 13, Petaluma is making new demands on certain types of development. Developers are requested to give guarantees for maintaining required improvements.

In Santa Rosa, developers are required to furnish improvements when they have a project approved outside designated priority areas.

c. Service Fees

The City of Fairfield has very high service fees which are keyed to the Consumer's (cost-of-living) Index. These fees have averaged approximately \$7,000 - \$8,000 per unit.

In Pleasanton builders are given the option of contributing to the Capital Improvement Fund.

d. Points in Evaluation System

Some jurisdictions are giving extra points to developers for their efforts to meet the need for improvements and facilities. These points improve the builder's position in the evaluation system or review used for approving projects and awarding building permits.

Petaluma gives extra points in its competitive point system for off-site improvements unrelated to the proposed project. In fact, the City is getting its Senior Citizens Center constructed in just this way.

Similarly, Pleasanton gives scores in terms of the desirability of projects, including the provision of improvements.

5. Restrictions Due to Environmentally Sensitive Areas
Including Coastal Zones and Hillside Areas:

Cities such as Gilroy and Walnut Creek have growth restrictions governing their flood and hillside areas.

In Contra Costa County, proposed projects located in ridge and hillside areas are being reduced and slowed down by grass-roots opposition.

San Mateo County requires Health Department approval prior to building site approval in hillside and coastal areas. This requirement stems from severe sewage problems in those areas. In effect, this requirement has placed a moratorium on building in "problem" areas.

Santa Cruz County is becoming more restrictive in the coastal zone. In general, the County is placing a greater emphasis on service capabilities which will now be based on districts. This means that the County will now have control over the districts within the coastal zone.

Clearly, these restrictions control growth by shielding sensitive areas from potential development.

6. Inclusionary Housing Policies; Required Affordable Housing or Exemptions for Certain Types of Construction:

This mechanism is often missing from discussions of growth management. Nevertheless it is a critical element of many local growth management programs. Inclusionary or affordable housing policies are often used to mitigate the adverse impact of other growth controls on housing costs and availability. They also reduce the threat of excluding lower income residents from growth controlling communities. By directly influencing the housing market, these policies in themselves represent a powerful growth management tool.

The examples that follow give a clear idea of the way in which these policies fit within the context of growth management:

The City of Morgan Hill is proposing exemptions from its growth management system for "affordable" housing. This proposal has been placed on the ballot in order to deter housing costs driven up by their growth management system. The number of exemptions for affordable housing will, probably, be a percentage determined by the Department of Housing and Urban Development's fair-share allocation criteria.

The Napa County growth management system will allocate permits to four categories, including "affordable" housing. In fact, 15 percent of the permits allocated must go to this category. However, this is not inclusionary zoning. That is, a certain percentage of units within each subdivision are not required to be for low and moderate income residents. Rather, this policy merely requires that affordable housing be available. And so, there are no resale controls or occupancy requirements. As a result, no guarantees exist to ensure that builders will target applications within this category. The County's rule-of-thumb used for determining what constitutes affordable housing is 30 percent of gross monthly income.

The cities of Davis and Pleasanton both contain inclusionary zoning features within their growth management systems.

Santa Cruz County has an inclusionary housing ordinance which requires 15 percent of every subdivision of four or more units to be for low and moderate income residents.

7. Numerical Restraints or Quota Systems:

Numerical restraints or quota systems are a direct means for controlling both the rate and amount of population and residential growth. The first two techniques discussed place absolute ceilings - cap rates - on population or residential growth.

a. Long-range Population Growth Ceilings Within General Plan

The City of Davis has a population ceiling of 50,000 by the year 1990.

The cities of Morgan Hill and Napa have population ceilings pegged to the year 2000 of 30,000 and 75,000 respectively.

Santa Cruz County adopted a long-range population goal of 218,500 by 1990.

b. Annual Population or Residential Growth Rate

The City of Davis pegs its annual residential growth rate to its long-range population goal.

Napa County calculates its growth rate annually. This calculation takes into account declining persons per household. A small change in persons per household can have a significant effect on the number of units projected. As a result, the interpretation of the change in household size has become a controversial issue.

The City of Pleasanton's Residential Allocation Plan limits growth to a maximum of two percent per year.

Santa Cruz establishes a target population growth rate each year or else it uses the State average.

Santa Cruz County sets its population growth target according to its "fair-share" of State-wide population growth, determined by the County. In 1979 the rate was 2.2 percent and 2.4 percent in 1980.

c. Annual Building Permit Limits

By authorizing a specified number of building permits each year, this technique is essentially a rationing scheme. Unlike population cap rates, permit limitations are tied directly to the local development process. As such, this method is an explicit means of control over both the magnitude and location of growth.

The type(s) and implementation of annual building permit limitations vary among jurisdictions. For this reason, several case examples are listed in order to illuminate the major distinctions.

Each of the cities--Belmont, Morgan Hill, and Pacifica--limit building permits to a permanent quota and allocate these permits annually through a competitive point system. In Belmont a maximum of 56 single-family permits can be allocated per year until 1990. The City of Morgan Hill phases growth in accordance with its population ceiling of 30,000 by the year 2000. This translates into 220 units (or permits) per year. With its growth control initiative currently in the signature process, Pacifica expects to limit new residential construction to 70 units per year.

The competitive evaluation system is an attempt to justify the permit quota. This approach is unique because proposals are evaluated collectively. Unlike the traditional planning system, which reviews applications individually, this mechanism ranks projects in relation to each other for the allotted permits.

Santa Cruz County limits building permits to its State-wide fair-share allocation. Patterned after Santa Cruz County, Napa County's growth control system is expected to set a quota on building permits at about 200 per year. Both Counties allocate permits by lottery if they receive more applications than the established quota.

The initiative passed in Saratoga during April 1980 limits development in the City's Northwest Hillside Area by decreasing densities for residential lots according to the slope of the property. In essence, their specific area plan determines the absolute number of units which can be constructed in the area. The number of permits which will be allotted for this area is pegged to this figure. Since the City is not concerned with the timing of growth, permits are allocated on a priority basis (i.e., first-come, first served).

The vast majority of local jurisdictions surveyed, with permit restrictions, limit the number of permits to an annual fixed rate or percentage.

In Davis the limit was set at 200 units this year.

Fairfield's plan for the Cordelia area limits permits to a certain percentage based on a formula which is keyed to the number of jobs created in the area.

The City of Gilroy sets a fixed number of building permits which may be issued each year. The quota for this year and probably the next is 376.

Petaluma's growth management system essentially limits the number of building permits to about a maximum of 600 units per year. This equals an approximate five percent growth rate.

Since 1978 building permits in the City of Pleasanton have been issued on a yearly basis ranging between 250 and 400 per year.

The fixed rate set for building permits in Union City acts as an upper limit on new construction.

Santa Cruz translates its annual population growth target into a target number of units (317 for 1980).

Of the local jurisdictions limiting building permits to an annual fixed rate or percentage, the following use a competitive point system for determining allotments:

- Davis
- Gilroy
- Petaluma
- Pleasanton
- Santa Cruz (large projects)

Fairfield implements its growth control ordinance via an evaluation system (not a point scoring system). Builders must meet certain criteria that pertain to the housing need for a certain area. The City is attempting only to regulate growth, not put a cap on it.

The City of Santa Cruz allocates permits for single-family units and projects with two to four units on a priority basis. Projects of five units and up are rated on the basis of established review criteria pursuant to its competitive point system.

For Union City permits are allotted until the allocation quota is used up. Design standards will be the basis for breaking ties between competing projects, but so far this has been unnecessary.

Annual permit limitations have come under considerable attack for their apparent defiance of market factors. However, this method does attempt to justify approval or denial of project applications.

d. Sewer Allocation Limits

In the City of Tracy, sewer allocations are based on existing sewer plant capacity. The City Council determines the

number of sewer allocations allotted to its different land-use categories. The City, however, does not want to exceed 70 units per month due to the Building Department's limited processing capability. Builders receive sewer allocations on a simple priority basis.

The City of South Lake Tahoe limits the number of sewer connections available to residential property developers. For the year 1980, 291 connections to the sewer system were allowed. A random selection process is used to allocate available residential sewer connections.

e. Regulation of Site Development Permits

Santa Clara County has an ordinance which established a site development review process. This process carefully regulates the allotment of site development permits.

8. Interim Development Controls:

Interim development controls are a direct means of retarding growth. In operation, these controls slow or completely block the development process. Temporary "injunctions" against development activity are effectuated through: a planning pause, building permit moratoria, and water and sewer moratoria. Most often these controls halt new development pending the revision of new plans or development regulations.

It is very possible for temporary injunctions on new development to occur de facto as a result of other factors. Such was the case in Morgan Hill. During the first year of its growth management program, all of the allotments were used up by backlog projects. With no new builders for a number of years now, there has been, in effect, a moratorium on new projects. Next year the full allotment will be available for new projects.

In Pacifica a four-month moratorium on the issuance of permits has been in effect since May. The moratorium was the result of sewage problems. A study is now underway to consider possible sewer expansion. This moratorium is independent of the growth control initiative in progress.

Saratoga's initiative implemented a planning pause until the Northwest Hillside's specific plan could be completed and implementing ordinances adopted. This action eliminated 144 of the 225 residential sites already approved and started the subdivision approval process all over again. Another four-month moratorium is now in effect until the implementing mechanisms are finalized.

In all of these cases interim controls were not used for the purpose of halting growth. Rather, these controls constitute a means for getting other growth mechanisms in place.

SAMPLE INVENTORY

III.

III. SAMPLE INVENTORY

<u>City or County</u>	<u>Growth Management Methods and Implementation</u>	<u>Growth Situation: Past, Present, and Future</u>
Belmont	<u>Method:</u> Maximum 56 single family building permits allocated per year until 1990. <u>Implementation:</u> Competitive point system.	Prior to adopting this quota in July 1979, Belmont had about 150 new units built per year. Each year since the limit was adopted there have been less applications for building permits. This year there were 45 applications, 30 of which were carried over from last year. No significant changes in the growth system have been made. Not much land is available for development due to environmental, geographical, and access problems. The City's system is currently being tested in court.
Contra Costa County	<u>Method:</u> No formal growth control other than Open Space zoning. <u>Implementation:</u> General Plan provisions.	Particular development projects are raising grass roots concern. Open space constitutes nearly half of the County's 734 square miles. Danville and San Ramon have begun Cityhood drives to gain local control. The County is concerned with development in hillside areas. Restrictions in these areas are in effect.
Davis	<u>Method:</u> Population ceiling of 50,000 by the year 1990 which translates into a residential growth target. Permits are limited to an annual fixed rate. <u>Implementation:</u> Competitive point system.	The City has an <u>inclusionary housing program</u> . Recently the City's anti-speculation ordinance was repealed. This ordinance, however, still applies to designated price units in the inclusionary program. Davis plans to reduce the permit quota each year to keep from exceeding its population goal. Next year the rate will probably be 175 units. There are also plans to extend the population ceiling to the year 2000 (at approximately 70,000).

<u>City or County</u>	<u>Growth Management Methods and Implementation</u>	<u>Growth Situation Past, Present, and Future</u>
Dixon	<p>Method: Growth management element limits growth to 1) infill areas, and 2) areas with service capability.</p> <p><u>Implementation:</u> No strict regulating mechanism. The element is concerned with directing the location of growth.</p>	<p>The City has doubled in size over the last four years. At this time strict regulation of growth is unnecessary because infill and serviceable areas lie in the direction of growth. In the other direction the land is protected by the Williamson Act. The City is not annexing at this time. Furthermore construction has slowed down significantly. In the future Vacaville's decision to repeal its growth control system could have serious repercussions for the Dixon area.</p>
Fairfield (Cordellia area)	<p>Method: Residential Allocation Plan (for Cordellia area only) limits permits to a percentage based on a formula tied to the number of jobs created in the area. City also has very high service fees.</p> <p><u>Implementation:</u> Evaluation system based on the area's housing needs.</p>	<p>Fairfield is down 65 percent City-wide from its expected number of permit applications. The City is attempting to make the Cordellia area a self-contained community in terms of services and the balance between jobs and housing. So far job creation is ahead of residential development. The area lacks infrastructure and improvements which would encourage growth. The City is attempting only to regulate growth, not put a lid on it.</p>
Gilroy	<p>Method: City sets a fixed number of building permits which may be issued each year. They also have a five year urban service area.</p> <p><u>Implementation:</u> Competitive point system. Projects which are approved outside the urban service area must be added to it.</p>	<p>This year there were about 2,000 applications for the City's (375) permit quota. Developable land is available although there are some <u>geographic</u> and <u>environmental</u> constraints in flood and hillside areas. In the short run service capabilities are adequate given current expansions.</p>

<u>City or County</u>	<u>Growth Management Methods and Implementation</u>	<u>Growth Situation: Past, Present, and Future</u>
Marin County	<p><u>Method:</u> Program was recently sun- setted. Program had a population growth ceiling and an annual limit on permits for large projects (10 or more units). County now has an annex- ation policy tied to urban service areas. In effect the policy puts a boundary around each City.</p> <p><u>Implementation:</u> Joint Powers Agree- ment is currently inactive. Sunsetting program was implemented by a point system.</p>	<p>After the first competition the County amended the plan to include a phasing fea- ture. In addition the County's growth rate dropped. Taken together it has become less necessary to regulate the growth rate. As a result, the County is no longer using the plan. The new annexation policy enables the County to keep urban densities within the cities. The cities favor the policy since it gives them more local control. The focus now is on the location of growth. The County is also trying to develop and en- courage a strong infill policy.</p>
Modesto	<p><u>Method:</u> Initiative mandates an advisory election for the funding or approval of any sewer trunk installa- tion which would allow for develop- ment into the urban reserve area of the General Plan. City has a long- term and current sewer service boundary.</p> <p><u>Implementation:</u> The City will only annex where sewer service exists.</p>	<p>Growth is primarily governed by the urban service boundary. Expansion of the sewer service area would require installation of a sewer trunk. But prior to this a citi- zens advisory referendum must be passed. The City is currently running out of developable land within the urban service area. Due to high land costs attempts are being made to increase densities. An advisory election was held for a sewer trunk extension and was not approved. Consequently, the limited availability of land will get even tighter.</p>
Morgan Hill	<p><u>Method:</u> Growth is phased in accord- ance with the population ceiling of 30,000 by the year 2000. This trans- lates into 220 units per year.</p> <p><u>Implementation:</u> Competitive point system.</p>	<p>The first year all of the allotments were used up by backlog projects. With no new builders for a number of years there was in effect, a moratorium on new projects. This year the City is revising its growth control standards. In general, the changes are an effort to loosen up the criteria by allowing for a greater number of exemp- tions. The City's control system passed in 1977, went into effect at the same time as its sewer capacity was reaching its limit. Five years from now the available capacity will be used up if no expansion goes under- way. This could lead to some type of sewer allotment system. Coupled with the backlog problem, limited sewer capacity has re- duced the effectiveness of the control system.</p>

City or County

Growth Management Methods
and Implementation

Growth Situation:
Past, Present, and Future

Napa

Method: The City's growth management system was eliminated a year and one-half ago. The City currently requires developers to furnish costly improvements. The City also has an urban limit line and low residential density requirements.
Implementation: Urban limit line has effectively placed a cap on growth. City is now relying on "indirect" controls.

A year and one-half ago a "private sector" oriented City Council was elected to office and the system was repealed. One of the reasons given for repeal of the program was the City's housing shortage. Applications are backlogged from the time prior to removal of the program. This could cause problems if market conditions ease up. The Council is now attempting to eliminate the City's indirect growth controls, including the population ceiling amounting to approximately one percent growth per year until the year 2000.

Napa County

Method: Growth control system effective September 1981 will limit building permits to a fixed-rate probably to about 200 units per year within the unincorporated portion of the County.
Implementation: A lottery will be used if more applications are received than the set quota.

The County's growth control system was patterned after Santa Cruz County. The annual population growth rate shall in no case be greater than one percent. A power shift in the Board of Supervisors resulted in a more pro-growth commitment. This led to the initiative which now requires the pro-growth board to carry out the growth control mandate. Before this initiative many growth management mechanisms were used but were not recognized as such.

Pacifica

Method: Growth control initiative is currently in the signature process. Growth control system is expected to limit new residential construction to 90 units per year. A four month moratorium on the issuance of permits has been in effect since May.
Implementation: Competitive point system is expected.

The moratorium was the result of problems with the existing sewer system which has reached its full capacity. A study is under way to correct the immediate sewer problems and to plan for future expansions. Land, available for growth, is located on the City's ridge (with space for 1,000 units), commercial and infill areas. Right now the City has applications for a large number of units.

<u>City or County</u>	<u>Growth Management Methods and Implementation</u>	<u>Growth Situation: Past, Present, and Future</u>
Petaluma	<p><u>Method:</u> Growth management program essentially limits the number of building permits to about a maximum of 600 units per year which is about a five percent growth rate. City is also making new demands on developers.</p> <p><u>Implementation:</u> Competitive point system.</p>	<p>The City is presently experiencing only a 2-1/2 percent growth rate. There is little development at present reducing the impact of the growth control system. Since Proposition 13 the City is asking developers for guarantees for maintaining required improvements. In addition, extra points are given for off-site improvements unrelated to the project applied for. The most significant change has been to require developers to get P.U.D. rezoning and environmental work done prior to participating in the allotment process.</p>
Pleasanton	<p><u>Method:</u> Permits are issued annually; between 250 - 400 per year. The annual growth ceiling is two percent. Developers have option of contributing to the Capital Improvement Fund. In addition, improvements by developer can increase score in point system.</p> <p><u>Implementation:</u> Competitive point system.</p>	<p>The program is currently under critical evaluation. There are even signs of eliminating it completely. Adjustments made each year are in the direction of getting less stringent.</p>
Sacramento	<p><u>Method:</u> The City has zoned permanent agricultural and agricultural reserve areas. The City attempts to direct the location of growth by tying development to service capabilities and infrastructure provisions.</p> <p><u>Implementation:</u> Growth is controlled primarily through the General Plan. Major development must occur in designated service areas.</p>	<p>The City's efforts to direct the location of growth has had the effect of restraining leap-frog development. The City anticipates a great deal of growth with a short time frame. In response, the City is now considering growth issues more explicitly and comprehensively. Specifically, the City is trying to determine the fate of 430 acres currently zoned as agricultural reserve area. Land owners are pushing for high tech uses which has stirred up concerns over the impact of increased job opportunity on the housing market.</p>

<u>City or County</u>	<u>Growth Management Methods and Implementation</u>	<u>Growth Situation: Past, Present, and Future</u>
San Jose	<p><u>Method:</u> The City has an urban service area and boundary which defines the parameter of developable land based on the provision of services. Developers are required to provide some services.</p> <p><u>Implementation:</u> No strict regulatory mechanisms.</p>	<p>As a bedroom community for the Silicone Valley, San Jose faces a severe imbalance between housing and jobs. In response, the City is implementing some locational shifting of General Plan zoning areas. Identification of the City's urban service area amended the boundary as identified within the urban corridor (i.e., encouraging infill development). The current boundary is effective until 1990 and no growth outside the boundary is planned. In conjunction with ABAG, the City is currently developing an Economic Services Model. This will enable the City to project the economic effects of growth. Pressure toward becoming more restrictive is likely as the urban corridor area begins to run out of land and services. At this time, the City is close to reaching its sewage capacity limit. Possible expansions are under consideration. Transportation access is the most significant stumbling block facing residential development now.</p>
San Mateo County	<p><u>Method:</u> The County holds down densities and has approximately one-third of County land zoned as preservation agricultural areas. De facto moratorium.</p> <p><u>Implementation:</u> Growth control is considered in regard to specific areas.</p>	<p>Coastal and residential hillside areas are having severe sewage problems. In order to get building site approval in these areas, builders must first get approval from the Health Department. In effect, this has resulted in a moratorium in the "problem" areas. The County's density requirements are extremely low.</p>
Santa Clara County	<p><u>Method:</u> Site Development Review Process carefully regulates the allotment of site development permits.</p> <p><u>Implementation:</u> Permit allotment is primarily regulated by hazard and resource guidelines.</p>	<p>At present, the County has a tremendous "holding capacity" which means that building sites which could be created are being curtailed by the guidelines. The Coyote Valley area (750 acres) now zoned for agricultural use is being considered for possible rezoning to industrial use.</p>

<u>City or County</u>	<u>Growth Management Methods and Implementation</u>	<u>Growth Situation: Past, Present, and Future</u>
Santa Cruz	<p><u>Method:</u> The City establishes an annual population growth rate and residential growth rate. The Council then allocates target number of units into categories of project size. Permits are then allocated on the basis of the quota set for each category.</p> <p><u>Implementation:</u> Single family units and projects with 2-4 units are allocated on a first come/first serve basis. Projects of five units or more are allocated permits on the basis of a competitive point system.</p>	<p>The City is concerned with the job/housing imbalance and specifically the impact of its policies on the housing shortage and escalating costs. The City has an <u>inclusive housing policy</u>. In 1980 the City had a quota target of 317 units with 158 approved. Building permits, however, were issued for only 18 units. Under current zoning approximately 90 percent of development has already occurred. There is little land available, therefore, except with the infill areas.</p>
Santa Cruz County	<p><u>Method:</u> The County has an annual growth rate cap of (2.4 percent in 1980). Building permits are set according to the County's fair share allocation. An urban services line is used to control the location of new development.</p> <p><u>Implementation:</u> Permits are allocated by lottery. The County's growth control ordinances are tied to the capabilities of the urban service structure.</p>	<p>The County's program severely limits development outside the urban services line. A "rural land matrix" is used to determine where all rural lands are located in terms of required density ranges. This mechanism was inspired by the environmental protection needs of the County. The County is becoming more <u>restrictive in the coastal zone</u>. In general, the County is placing a greater emphasis on the urban service principal. Presently, parcels are being held back with ample room for subdivision.</p>
Santa Rosa	<p><u>Method:</u> Development Management Plan essentially guides the phasing of development in conjunction with capital improvements and annexation. The purpose is to direct growth to the areas which can be developed with a minimum of public cost.</p> <p><u>Implementation:</u> Developers must furnish improvements for projects approved outside the designated areas. Capital improvement budget and review.</p>	<p>The City's land inventory includes several thousand acres of vacant land.</p>

<u>City or County</u>	<u>Growth Management Methods and Implementation</u>	<u>Growth Situation: Past, Present, and Future</u>
Saratoga	<p><u>Method:</u> Developing a specific plan for the Northwest Hillside area which would limit development by decreasing densities. The plan takes account of the typography in determining the absolute number of units which can be constructed in the area.</p> <p><u>Implementation:</u> Permits are allocated on a priority basis.</p>	<p>This initiative placed a <u>moratorium</u> on development until the plan could be completed and implementing ordinances adopted. This moratorium eliminated approximately 144 of the 225 residential homesites already approved for the area, starting the subdivision approval process all over again. Another four month moratorium is now in effect until the implementing mechanisms are finalized.</p>
Solano County	<p><u>Method:</u> Urban service areas tied to annexation policy.</p> <p><u>Implementation:</u> Intergovernmental effort. Urban development will only be allowed within the incorporated portions of the cities. Therefore, projects with urban densities must be annexed by the City.</p>	<p>Since the County is not equipped to of urban services, they are negotiating growth lines (urban service areas) with the cities. These lines follow the cities' General Plan boundaries. At this time, three areas are resisting these efforts. The County is committed to <u>preserving agricultural lands</u> much of which is under the Williamson Act.</p>
South Lake Tahoe	<p><u>Method:</u> The City limits the number of sewer connection allocations. (291 for 1980). Allocation approval is a prerequisite for receiving a building permit.</p> <p><u>Implementation:</u> Random selection process.</p>	<p>Allocation approvals are allotted on the basis of a percentage granted to each type of use. They are commercial 10 percent; residential 80 percent; and subsidized housing 10 percent.</p>
Stockton	<p><u>Method:</u> Citizens petition requires a popular vote prior to any annexation or development in the City's north and west areas.</p> <p><u>Implementation:</u> According to OPR report, the petition effectively requires a popular vote before the City can expand beyond its present limits.</p>	<p>The City Planning Department does not consider this petition to be anti-growth. A planner interviewed noted that the areas removed by the citizens measure are not within the City anyway. The City believes it has enough residentially zoned land to meet the demands for about the next 17 years. These are areas capable of being served with urban services. Stockton has high vacancy rates for both single-family and multi-family dwelling units and so the State housing shortage has not invaded this area yet. To date, there have been no petitions or votes for annexation of the</p>

City or County

Growth Management Methods
and Implementation

Growth Situation:
Past, Present, and Future

Tracy

Method: Builders receive sewer allocations based on the existing sewer plant fixed capability. City does not want to exceed 70 applications per month due to processing capabilities.
Implementation: Simple priority system.

The City Council determines which land use category receives how much sewer capacity. To keep their sewer allocations, builders must show progress. The system has been in effect four years. The growth rate has been between 2 and 2.5 percent and has meant about 250-300 homes per year. The sewer system can currently accommodate the present growth rate of approximately 300 homes per year for the next four years. The City is presently planning for the expansion needed by 1984. Plenty of land is available for future growth.

Union City

Method: City sets a fixed rate for building permits which acts as an upper limit on new construction. Growth is restricted to "priority areas".
Implementation: Permits are allotted on a first-come priority basis. Design standards will be used to break ties between competing projects, but so far, this has been unnecessary.

The impacts of Proposition 13, as particularly experienced by the School Districts, were the major forces behind the program. The City's program has allowed for a balance between condominiums and single-family homes. A City official believes that the program was "too late to be effective" in a practical sense, although it has allowed for better use of existing fire and police services.

Vacaville

Method: City repealed its growth management system this year. The system had limited permits to 750 per year, and all growth was handled as a planned development.
Implementation: Permits were allocated on the basis of a competitive point system.

The program was originally adopted due to the impact on schools and other services from unmanaged growth. The system was eliminated following a major change in the composition of the City Council. The new Council represents a shift toward pro-growth attitudes. Revenue from permits has increased significantly but the sudden growth could be overwhelming when the market improves. The number of carryovers (approved projects) from one year to the next constituted a significant problem for the program. Before the program was dropped approximately 10 percent of all applicants qualified for permits. Under current market conditions they probably would have approved 500-600 permits this year if the program was still in operation. A Dixon planner claims that Vacaville is planning on a population jump from 42,000 to 92,000

City or County

Walnut Creek

Growth Management Methods
and Implementation

Method: The City has adopted a stringent hillside element which discourages growth in the hillside areas. The City uses various land acquisition strategies financed by bond issues to purchase open space.

Implementation: Hillside development is controlled by a point system. Building is only approved when the characteristics of a particular site are developable, and in most instances, services are not available.

Growth Situation:
Past, Present, and Future

The City has had an annexation program in effect for the last two and one-half years to clean up its boundaries. To date, approximately 300-400 acres have been annexed. The City is presently encouraging redevelopment within the core area. There is only about 50 acres of vacant developable land within the City.

IV.

PUBLIC POLICY ISSUES AND RESPONSES

A. INTRODUCTION:

Within the context of public policy there are important issues which impact both the decision to embark on growth management and the critical choices necessary for designing an effective growth management system. These critical choices involve:

- 1) The intents and purposes of the growth management program;
- 2) The methods, techniques and strategies to be used in fulfilling these purposes;
- 3) What is to be "perceived" as constituting the negative impacts of growth management;
- 4) The methods, techniques and strategies to be used in mitigating these impacts; and
- 5) The external constraints facing growth and the management of growth.

To put it simply, local growth control does not operate in a vacuum. Rather, it operates within the larger arena of public policy. This being the case, growth management both affects and is affected by public policy issues.

This section is concerned with two policy issues which have a significant impact on the operation and assessment of formal growth management. The first issue concerns the balance between housing and jobs. This issue has particular application to local jurisdictions in California, given the density of technological industry within the State. The second issue addresses the current market situation which is constraining residential construction. Of particular concern is the relationship of these constraints to the practice of growth management.

B. THE BALANCING ISSUE:

For many local jurisdictions throughout California the balance between housing and jobs has become a major concern. The housing vs jobs issue represents a trade-off with important implications for local growth policy. Today there is growing awareness of this trade-off and serious attempts are being made to develop local policies consistent with an optimum balancing point. In the past, local jurisdictions have tended to experience either intense residential growth or intense commercial and industrial growth. Local jurisdictions with intense residential development are known as "bedroom" communities. In the post-Proposition 13 era, new residential growth constitutes a heavy drain on local fiscal and service resources. Communities which have favored industrial growth are major job centers. Without adequate housing, however, they have placed the burden for housing on other nearby communities.

In order to understand the local response to the housing vs jobs issue several case examples will be used. These examples illustrate the many ways that jurisdictions are striving to achieve "balanced" communities.

1. Housing-Rich/Job-Poor Communities

As a bedroom community for the Silicone Valley, the City of San Jose represents a severe imbalance between jobs and housing characteristic of many areas in the Bay Area. Responding to this phenomenon, the City is engaged in some locational shifting of General Plan zoning areas. To be specific the industrial, northern section is being shifted with the residential, southern section of the City. The net effect has been an increase in City-wide density.

With no growth control, the City of Morgan Hill was fastly becoming a housing-rich/job-poor community. In 1977 the City created a Residential Development Control System to hold down residential housing construction and its population growth rate to a level consistent with other areas in the County. The City is now trying to provide a local job base. Several new industrial developments have been proposed covering about 400 acres. These developments are expected to recapture local revenues lost with the passage of Proposition 13.

2. Job-Rich/Housing-Poor Communities

The Association of Bay Area Governments (ABAG) is alerting local jurisdictions in the Bay Area and throughout California to

the growing danger of industrial corporations moving elsewhere. The problem is simply not enough housing to accommodate the workers. Furthermore, sky-high housing costs are inhibiting the efforts of companies to attract desirable candidates from out of State.

With new industry moving into the area, the City of Santa Cruz is experiencing some spill-over from the Silicone Valley. According to a City planner, the growth management program does nothing to mitigate the impact of new jobs. The program, consequently, acts to restrict the supply side of housing but ignores the new and increased demand arising from new job opportunities in the area. As a result, it is possible that the city's growth control program has escalated the housing shortage and housing costs even further.

Drawing companies away from San Francisco, Contra Costa County is experiencing rapid industrial growth--but there is ample cause for concern. The County's job sector is growing at a time when grass-roots opposition is stifling residential growth. Increased demand for housing is certain, but residential construction will not keep pace. The key issue, therefore, involves the question of what responsibility the County has to meet these housing needs.

The City of Sacramento is currently considering the possible uses of a 430 acre parcel currently zoned as Preservation Agricultural land. Landowners are pushing for high-tech uses. At this point, however, the City has some reservations. Sacramento planners believe that adequate residential development must be provided to meet the demand generated from industrial growth. In fact, Sacramento planners have had the benefit of Santa Clara County's experience. The County has indicated to Sacramento that measures should have been taken to mitigate the impact of high-tech industrial growth on housing. Several industries have indicated that they would help with the fiscal impacts caused by their development. It is problematic, nevertheless, since the City must first be able to identify what all the impacts are.

According to a Santa Cruz County planner, the Cities of Sunnyvale and Palo Alto are curtailing new job creation until the added potential for residential growth develops.

The City of Fairfield is unique in its recognition of the balancing issue within its growth management plan. The City's plan for the Cordelia area was motivated by the desire to achieve a balance between residential, industrial, and commercial uses of the available land. The specific plan for the Cordelia area, called the Residential Growth Allocation Plan, is geared toward making Cordelia a self-contained area in terms of services, jobs,

and housing. The City uses a formula for determining the annual permit quota which is based on the number of jobs created in the area. To date, job creation exceeds residential development since the area lacks infrastructure and improvements needed for residential growth.

C. MARKET CONSTRAINTS:

For many local jurisdictions included within this study, residential growth has become less controversial. The primary reason for this is the slow-down of residential construction brought about by high interest rates and a tight money supply.

With the market stifling new development, growth control has become virtually unnecessary in many communities. Evidence for this phenomenon is based on the experience of many jurisdictions. The local cases which follow exemplify this experience.

Prior to adopting an annual permit limit the City of Belmont had about 150 permit applications per year. But there have been less applications each year since the limit was established. This year there were only 45 applications and 30 of these were carried over from last year. The quota has been 56 permits per year.

The City of Fairfield is down 65 percent from its expected number of permit applications.

Petaluma is presently experiencing only a 2-1/2 percent growth rate. The City's growth management system limits growth to about five percent annually.

In 1980 the City of Santa Cruz had a target of 317 units with 158 approved. However, permits were issued for only 18 units.

The City of Dixon reports that present market conditions have curtailed residential construction. Although the City adopted a growth management element last year, they noted that strict regulation is unnecessary. This is because infill areas and services are already present in the direction of growth.

In view of the impact of market constraints on residential growth, local governments must decide whether or not to act. In part, this decision must be based on a determination of whether current market conditions are a short or long range problem.

The Cities of Napa and Vacaville have both recently repealed their growth management systems. Napa's action was generated by the City Council's awareness of the current market and economic situation. In both Cities, the City Council experienced a shifting toward pro-business attitudes. Clearly, these attitudes precipitated the repeal of growth controls in both Cities.

City planners in Napa and Vacaville, however, have due cause to be concerned. In Napa, applications for building permits are backlogged from the time prior to removal of the program. As a

Napa planner, noted this could cause tremendous problems for the City should market conditions ease up. Similarly, a Vacaville planner reported that while revenue from permits has increased significantly, sudden growth could be overwhelming if the market improves.

In short, therefore, cities are in the difficult position of deciding whether or not to respond to the current market conditions. In the long run the market continues to be a constraining factor. Clearly, growth management can adversely affect the housing market in terms of both supply and cost. Coupled with current financial conditions, this impact can be dangerously severe. Many jurisdictions with growth management programs, however, are attempting to mitigate these negative impacts with inclusionary housing policies, anti-speculation ordinances, and so forth.

Some cities are revising their growth control standards to mitigate against housing costs driven up by their growth management systems. Morgan Hill, for example, is loosening up its criteria to allow for a greater number of exemptions, including an exemption for "affordable" housing. The number of exemptions which will be allowed will probably be a percentage determined by the Federal Department of Housing and Urban Development's "fair share" criteria. In addition, the City will give extensions for hardship if a builder is unable to use his allotment within one year. This year, the City is allowing builders to receive extensions due to current market conditions.

And so, the interplay between market constraints and growth management poses a complex challenge to local governments. How they respond depends on their ability to: 1) recognize the dynamics of this relationship, and 2) translate this information into a guide for action.

v.

CHANGES IN THE PRACTICE OF GROWTH MANAGEMENT

The purpose of this chapter is to identify the changes occurring in the field of growth management. By focusing on the changes in the practice and consideration of growth management, the underlying trends will become manifest.

The first part of this chapter will focus on these trends. Specifically, these trends will be discussed within the context of the three generic forms of growth management. The first trend identified relates to controls over 1) land availability, and 2) the location and adequacy of facilities servicing growth. The second trend addresses the use of controls which restrict the amount of growth.

The second part of this chapter attempts to pinpoint recent developments which have altered the status of local growth management policies.

A. TRENDS IN THE PRACTICE OF GROWTH MANAGEMENT

1. Location and Service Emphasis

A significant development in the practice of growth management is the increased emphasis on location and services. More and more jurisdictions are concerned with directing the location of new development to areas with existing service resources. This concern is the result of limited land availability and service resources. In addition to current market conditions, these two factors are slowing growth independent of local efforts at formal growth management.

As the supply of developable land diminishes, particularly in the Bay Area urban core, residential construction will be curtailed de facto. Service constraints imposed by costly expansion have also put a de facto "cap" on residential growth. Many communities have reached a point where their existing service structure is at maximum capacity.

Taken together, it is clear why many jurisdictions are concerned with directing the location of new development to areas with existing service capability. Given Proposition 13, service extensions beyond present limits represent costly burdens to local communities.

Furthermore, many jurisdictions without formal growth controls are concerned with service limitations and the location of residential construction. It is clear, therefore, that the location/service emphasis represents a significant development in the practice of growth management. While many communities continue to regulate the rate of growth with numerical restraints, the location and services emphasis has grown in importance.

The Case of Marin County

A case in point which exemplifies this shifting of concern is Marin County. The County adopted a growth management policy in 1973 which provided that there be no rapid or disruptive growth. This led to a residential development review ordinance which set a population growth ceiling and placed an annual limit on the number of permits allocated to large projects. Building permits were allotted on the basis of a competitive point system. The residential development review was implemented in conjunction with cities in the southern portion of the County including Tiburon, Sausalito, Belvedere, and Mill Valley.

After the first competition the County amended the ordinance to include a phasing feature. In addition, the County

experienced a drop in the growth rate. Taken together it has become less necessary to regulate the growth rate.

As a result of these developments, the County is no longer using the plan. The ordinance has not been repealed, but the Joint Powers Agreement with the four Cities is currently inactive.

Recently the County has been developing an annexation policy which could be interpreted as a no-growth policy. The policy is aimed at making annexation boundaries uniform across the 11 Cities in the County. And so the policy identifies 14 "hot spots" called urban service areas. These are areas which could be easily served by the Cities. In effect, this policy puts a boundary around each City. The County expects this policy to lead to more contained and manageable growth.

The focus of concern now is location which gives the County the ability to discourage leap-frog development. Furthermore, the County believes this policy makes fiscal sense by dealing with the service resources that exist now. The Cities in the County favor the policy because it gives them more local control and the County can keep urban densities within Cities. The major problem facing the County now is to persuade the unincorporated areas to become part of the Cities.

Another practice concerned with location and services is infilling. At this time the County is trying to develop and encourage a strong infill policy, but this has tended to drive up land costs making building in these areas less economically feasible. In the County's opinion an anti-speculation ordinance is necessary to mitigate this impact.

As of now there is little sentiment to adopt strong pro-growth policies. The County, therefore, does not expect a backlash toward no-growth to develop which could lead to a reinstatement of the intergovernmental agreements.

2. Establishment of Direct Growth Control

Of the 29 cities and counties included in the sample, 16 are using some type of numerical restraint. These mechanisms control the amount of growth or restrict the number of individuals or homes allowed in an area.

With over half of the sample controlling the amount of growth with numerical restraints, direct growth control seems to be well established. Where growth management is explicitly practiced, these controls have been accepted for their direct limiting effect.

What is significant is the departure of these techniques from traditional planning practices. In the past there has been debate over the implications of traditional practices. At issue is the extent of their growth impacting features and the intent of their use. The goals of numerical restraints, in contrast, are far more clear-cut. In this sense, they reflect a commitment to what has been labeled second generation techniques. Behind this commitment is the need, perceived by many localities, to circumvent deficiencies in traditional approaches. Many communities have enacted growth management systems in order to control and time development on the basis of a well-articulated plan. The uniqueness of second generation strategies stems from their attempt to integrate individual development provisions into a package of controls.

Besides numerical restraints, second generation strategies also include geographic restraints such as urban service areas. Importantly, however, numerical restraints reflect efforts to actively limit new development. For this reason numerical restraints often invite political controversy. Within the political arena, the latent issues underlying growth control are exposed.

It is significant, therefore, that so many jurisdictions have embarked on "direct" growth management. However, many of the communities using numerical restraints are loosening up their growth management plans. The primary impetus for this action is the present state of the economy and housing market. The following cities exemplify this trend:

Pleasanton's program is under critical evaluation. There are even signs of eliminating it completely. Each year adjustments in the program have been in the direction of getting less stringent.

Morgan Hill's changes to its growth system have been an effort to loosen up the criteria of its competitive point system. Furthermore, the City is allowing a greater number of exemptions to its control system. Builders can also receive extensions for "hardship" due to current market conditions.

Other cities are putting new emphasis on other concerns:

Santa Cruz County is placing greater emphasis on the urban services principle for controlling growth.

The City of Santa Cruz is concerned with its housing and jobs imbalance. Specifically, it is looking at the impacts of its growth management policies on the housing market.

B. LOCAL DEVELOPMENTS: TOWARD OR AWAY FROM GROWTH CONTROL

This section examines the status of growth management in several localities. These cases illustrate the development of growth management within the local context. Recent developments are moving jurisdictions toward or away from formal growth control. Contra Costa County, as the fastest growing County in the Bay Area, will illustrate the mounting force of grass-roots opposition to growth. The Cities of Vacaville and Napa have recently repealed their growth management programs. The major forces precipitating these drastic changes will be presented. The cases of Modesto and Stockton are discussed because of their largely unprecedented mandates to control development by popular vote.

1. Contra Costa County

At this time the County has no formal growth management system other than provisions within its General Plan. Open Space zoning, however, has clearly had a significant impact on growth. In fact, Open Space constitutes nearly half of the County's 734 square miles.

A recent article in the Wall Street Journal (July 10, 1981), reported on the growing concern of Contra Costans over impending growth. One headline reads "Contra Costans, Displaying a Drawbridge Syndrome, Fear Loss of Open Space". New developments, such as the Keller Ranch project in the town of Clayton, are raising grass-roots opposition. As yet, this opposition has been targeted at particular projects often in controversial locations like the hillside areas. Nevertheless grass-roots action has often been the catalyst for sweeping initiative action mandating comprehensive growth control in other parts of California. As the Wall Street Journal article put it, "Californians who favor development everywhere but close at hand are a potent force".

Despite local opposition to residential projects, Contra Costa is growing. The 1978 Regional Plan done by the Association of Bay Area Governments (ABAG) noted that Contra Costa had the most room to grow, containing about 27 percent of the developable land in the region. Most of this growth, however, is industrial. Companies fleeing from the high rents in San Francisco have been attracted to the East Bay and in particular Contra Costa County. The influx of industry to the County is a trend which has continued unabated. Of increasing concern, however, is the impact of this industrial growth and the job

opportunities it creates on the demand for residential development. According to a source in the Wall Street Journal article, Contra Costa's housing shortage could curtail further industrial growth and job creation if something isn't done.

And so, Contra Costa County exemplifies the crux of the balancing issue. Local opposition to new housing opportunities runs directly counter to the County's serious housing need. At a time when industrial growth puts further pressure on the housing supply, the "drawbridge syndrome" could end in a no-growth explosion. With housing prices already well above the State and National averages there is promise of even higher prices.

Unincorporated areas within the County such as Danville and San Ramon are presently mounting Cityhood drives in order to gain more local control. Just what this control will mean for new residential growth is uncertain. One thing is certain, however, residents in these areas are unwilling to share in the cost of new development, and in the end that means increased costs for the home buyer.

2. Vacaville and Napa

Within the last year and one-half, two Cities, Vacaville and Napa, have repealed their growth management programs. While this marks a shift away from stringent growth control, it is important to understand the background of events precipitating this major change.

In both Cities the repealing action followed a major change in the composition of each City's Council. Vacaville's new Council represents a shift toward pro-growth attitudes. In Napa the City Council is seen as having a new "private-sector" orientation. As noted in the discussion on market constraints, there were several official reasons given for the repeal of Napa's residential development management plan. Napa's City Council found:

- 1) That the Nation and City of Napa are in the midst of an economic recession;
- 2) That only 208 new housing units had been issued building permits in the 12 months preceeding September 30, 1980;
- 3) That a local and State-wide housing crisis exists;
- 4) That residential development can be managed by the General Plan which calls for a population of 75,000 by the year 2000;

- 5) That the residential urban limit line included within the General Plan protects agricultural land on the periphery of the City of Napa from premature residential development. (Ordinance 2660)

Pressures are still on Napa's City Council to deal effectively with its growth situation.

Before the program was dropped in Vacaville, approximately ten percent of all applicants qualified. The number of carryovers (approved projects) from one year to the next constituted a significant problem for the system.

In Napa applications are backlogged from the time prior to removal of the growth management system. This could cause tremendous problems for the City if the current market conditions loosen up. If this happens, the City could experience a sudden rush of growth. Similarly, a Vacaville planner qualified the gains in revenue from permits by noting the eventual problems from growth pressures when the market picks up.

Napa is still controlling growth "indirectly" through its planning process. However, the new City Council is attempting to effect all of these indirect controls. Their aim is to allow the market to determine the opportunities and constraints on growth.

3. Modesto and Stockton

As Governor Brown has noted, "Controlling development through public vote is largely unprecedented both in California and throughout the Country".

In Stockton a popular vote is required prior to any annexation or development in the City's north and west areas. According to the OPR Report "The Growth Revolt..." Stockton's measure effectively requires a popular vote before the City can expand beyond its present limits.

In October 1979, Stockton voters defeated a measure 2 to 1 which would have repealed the citizens petition requiring a popular vote. This measure would have given authority back to the City Council over growth management decisions. The OPR Report states (page 35) that "The voters chose to keep control of growth questions and confirmed the growth boundary around the City". The Stockton Record found that voters wanted growth control.

Significantly, the City Planning Department does not consider the petition to be anti-growth. This seems to conflict with OPR's account. A City planner interviewed noted that the areas removed by the citizens' measure are not within the City anyway. For this reason the City does not see the measure as having a no-growth effect. It is precisely this effect, however, that the City is trying to determine in the process of constructing its housing element.

City planners believe there is enough residentially-zoned land to meet demands for the next 17 years or so. For the next ten years the City has a large enough land inventory--that can be provided with urban services--to accommodate growth demands. Furthermore, the City has high vacancy rates for both single-family and multi-family dwelling units.

Clearly, therefore, Stockton's measure will not inhibit growth for several years, and so far the strict annexation policy has not created a housing shortage within the City. At this point there are no pressures for expansion beyond the boundary since there have been no petitions as yet.

In Modesto the growth situation is more problematic. The City is presently running out of developable land within its urban service boundary. Pressure to expand the sewer system would require installation of a sewer trunk. Given their initiative, a citizens' advisory referendum must transpire prior to sewer trunk installation. And the City will only annex where sewer service exists. To date, there have been no advisory elections subject to the citizens' measure.

In contrast to Stockton, Modesto's measure has already been taken to represent a public mandate favoring more control over growth issues.

VI.

CONCLUSION

VI. CONCLUSION

Today, communities throughout the State are taking another look at growth management. Localities which have embarked on growth management are trying to determine and weigh the impacts of their growth systems. Other localities are benefitting from their experiences by carefully studying the issues permeating the growth control question. As new knowledge is produced about the costs and benefits of growth management, public debate reflects a more sophisticated understanding of these issues.

At opposite ends of the continuum are a set of underlying presumptions about the value of growth. Some of the widely-shared assumptions about the inherent value of growth include:

Economic and physical expansion is analagous with National progress (i.e., increasing opportunity, heightened social mobility, and rising affluence);

Most growth "pays its own way" (i.e., the overall benefits counterbalance the immediate, direct costs);

Growth stabilizes or improves the local tax structure by broadening the tax base and reducing per capita taxes;

New development brings a broader range of goods and services to the community through secondary and tertiary, as well as primary growth;

Growth improves local wage levels and brings greater flexibility in job opportunities;

Growth brings a wider range of housing types, locations, and prices--thereby increasing housing opportunities; and

Development and expansion eventually result in improved public services and facilities.

Among the common arguments espoused by anti-growth advocates are:

Growth and development encourage the in-migration of new residents which often has a disruptive impact upon the existing community way of life;

The influx of new population compounds existing problems, and creates new burdens for public services and community facilities; and

Growth has a negative and often irreversible impact upon the environmental elements of a community.

Today the growth issue has taken on new features. Pro-growth advocates are less concerned with arguing the inherent value of growth. Instead, they are raising valid questions as to the right of local governments to usurp control of privately owned land. From both sides of this issue there is concern about the exclusion and equity implications of growth control. And so, to what extent does local growth management, either directly or indirectly, exclude new residents to a community? More fundamentally, do communities have the right to shut their doors and thereby restrict in-migration and the freedom to move? In order to answer these questions jurisdictions must determine their level of responsibility in addressing the housing needs of those wishing to live within their boundaries. The equity question is gaining in significance as the effects of Proposition 13 are witnessed. At this time new home buyers are assuming a disproportionate burden for local tax revenues. Proposition 13 has had the effect of forcing new home buyers to pay for the full cost of their marginal impact on existing service resources. This means that the communities which were near or at maximum service capacity levels prior to Proposition 13 are financing service expansions via new developers. Not only do new home buyers pay a disproportionate share of the property tax burden, they are also paying for their services through higher housing costs. At the root of this is the traditional assumption that growth must pay its own way. Stemming from this is the corollary that existing homeowners and residents have rights that new residents do not have, since in the past the costs of growth were shared by the entire community. It is precisely these assumptions which pro-growth advocates are calling attention to.

At the same time, however, local governments are faced with legitimate limitations constraining their ability to meet the fiscal and service burden of new growth. Furthermore, grass roots support for growth control is responding to the threat of lost open space and environmental damage. And so, it is often the case that land use decisions in developing communities have pitted residents who want to retain a rural setting against those who own large parcels of land and wish to have the right to subdivide and sell pieces of it.

More and more decision makers and residents of local communities are recognizing that neither extreme makes sense. To

presume that growth is necessarily detrimental and undesirable is to succumb to the same faulty logic that created the traditional presumption that growth is inherently beneficial and desirable. Neither approach takes into full account the total range of economic, social, and environmental factors that operate within and upon a community's "quality of life". And so it is clear that enlightened public policy regarding growth is attempting to rationaly accommodate growth and not merely limit it. Comprehensive growth management strategies, either direct or indirect, restrictive or liberal, are a major step in the direction of sound public policy if they are rooted within the broader framework of public concerns. To be comprehensive, therefore, growth management must reflect explicit stands on a wide range of policy issues.

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